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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

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CIA/OER / S-05958-74 28 February 1974

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MEMORANDUM FOR: Mr. William Barreda
Office of Trade Policy
Department of Treasury

SUBJECT : Imported Car Sales in the United States

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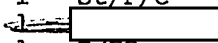
In response to your telephone request of 25 February,
we are forwarding the attached paper on recent trends
and 1974 prospects for imported car sales in the US. If
- you have further questions, please call me

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European Community Branch
Industrial Nations Division
Office of Economic Research

Attachment: a/s

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IMPORTED CAR SALES IN THE UNITED STATES

Faced with excess capacity caused by depressed domestic markets, European and Japanese automakers plan to cash in on the booming US market for small cars. Retail sales of foreign cars in the US are expected to rise to about 2.1 million units in 1974, boosting the imported car share of the US market from 16% to 22%. Imports of foreign cars probably will grow even faster as US dealers attempt to rebuild stocks, which dropped by 210,000 units in 1973. Even if only half of this drawdown is made up, the volume of car imports would jump by 40%. At 1973 prices, the car import bill would rise from \$3.7 billion to \$5 billion.

The three largest foreign suppliers are already implementing changes in production to service the US market.

- After suffering a 24% decline in domestic sales in December, Volkswagen decided to boost its exports from 66% to 72% of production. The US market, which already accounts for one-third of the company's foreign sales, is expected to absorb most of this increase.

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- Because new car registrations in Japan were down one-fourth in December, Toyota plans to boost exports in 1974 by 200,000 units. Most of this increase is slated for the US market.
- Datsun plans to export 390,000 cars to the US in 1974, a 55% increase over last year's sales.

Increased shipments of foreign cars to the US should encounter little resistance in the short-run. US producers are unlikely to be able to shift production sufficiently to meet spiraling small-car demand until the 1975 model year, if then. Consequently, sales of imported cars are expected to remain strong through the summer. Even when additional US output reaches the market, foreign producers probably will try to remain competitive by cutting dollar profit margins.

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US RETAIL AUTOMOBILE SALES¹

	1973			1974 ²		
	Thousand Units		Imports as a Share of the Total US Market (Percent)	Thousand Units		Imports as a Share of the Total US Market (Percent)
	US-Produced	Foreign-Produced		US-Produced	Foreign-Produced	
Total	9,670	1,775	15.5	7,600	2,100	21.6
Full-size cars	6,925	Negl.	Negl.	4,500	Negl.	Negl.
Compact or sub-compact cars	2,745	1,775	39.3	3,100	2,100	20.4
			Thousand Units			
			1973	1974		
Foreign Car Sales			1,775	2,100		
Imports			1,565	2,200		
Changes in Dealer Stocks			-210	100		

¹Automobiles assembled in Canada are treated as US-produced
²Estimated

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US RETAIL SALES OF IMPORTED CARS
BY SUPPLYING COUNTRY AND MAKE
1973

COUNTRY/MAKE	NUMBER OF UNITS
<u>West Germany</u>	<u>782,454</u>
Volkswagen	475,801
Capri*	113,069
Opel*	68,400
Audi	46,138
Mercedes	41,645
Porsche	23,772
BMW	13,629
<u>Japan</u>	<u>756,193</u>
Toyota	289,378
Datsun	235,449
Mazda	119,119
Honda	28,931
Subaru	37,793
Colt	35,523
<u>Sweden</u>	<u>76,044</u>
Volvo	59,026
Saab	17,018
<u>United Kingdom</u>	<u>69,844</u>
British Leyland	65,025
Cricket*	4,819
<u>Italy</u>	<u>60,278</u>
Fiat	58,447
Pantera*	1,831
<u>France</u>	<u>11,716</u>
Renaut	7,542
Peugeot	4,174

*Produced abroad by US subsidiaries.

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